

***FOSTER
MANUFACTURING
THROUGH SKILL,
SCALE AND
SUSTAINABILITY
WITH DELOITTE
AND WORKDAY***

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Executive Summary

In today's context, European manufacturing faces a crucial moment, dealing with the dual challenge of a shrinking skilled workforce and the need to adopt digital advancements. As major industry players confront these critical issues, a key question arises: How can they strengthen their competitiveness and resilience in this new era?

For decades, European manufacturers have been known for their engineering excellence and industrial strength. However, moving forward again requires adaptability and transformation. Can the industry attract and retain skilled talent while quickly embracing digital innovation? Or does it risk losing its market position by sticking to outdated practices?

This eBook explores these urgent questions, advocating for integrated solutions that combine technological innovation, human resources, workforce development and sustainable practices.

Deloitte and Workday, working in collaboration with European manufacturers, understand the need for urgent digital transformation – and we've provided tailored strategies to navigate this critical challenge. These strategies are empowering global manufacturers to not only survive, but to thrive in today's dynamic markets. From addressing immediate sustainability requirements to fostering flexibility in a changing labour market, our insights illuminate a path where innovation and adaptability come together.

A robust industry facing complex challenges

Understanding the challenges in the manufacturing industry has never been more critical. From geopolitical tensions and the pandemic to the conflict in Ukraine, manufacturers face an increasingly complex world. These events highlight the fragility of global supply chains and the intense pressure on costs and margins, exacerbated by rising inflation – particularly in sectors like energy.

In response to this, the industry must become more efficient and reduce costs. Digitalisation is imperative across sectors like automotive, aerospace, and construction. Manufacturers also face international mandates to go green, reduce emissions and care

for the environment. The political landscape also adds uncertainty, making impactful decisions for the long term difficult to take. Consumers expect companies to become more sustainable to maintain their loyalty, driving manufacturing trends. For example, a Deloitte automotive study showed that four in ten French individuals consider a car brand's commitment to sustainability important. To stay competitive, European manufacturers are adopting technologies like cloud computing, AI, IoT and smart factories. Modernisation must also address human capital: retaining and recruiting skilled talent, shifting to a skills-based workforce and supporting talent with cloud-based solutions.

Key Challenges in Manufacturing



COST PRESSURES

Rising costs, particularly in energy, are squeezing margins.



EFFICIENCY DEMANDS

There's an urgent need for increased efficiency across all sectors.



SUSTAINABILITY MANDATES

New international mandates require manufacturers to reduce emissions and adopt green practices.

Technological Solutions for Modernisation



CLOUD COMPUTING

Enables flexible, scalable solutions for data management and operations.



AI

Drives innovation through advanced analytics and automation.



INTERNET OF THINGS (IOT)

Connects devices and systems for improved efficiency and monitoring.



SMART FACTORIES

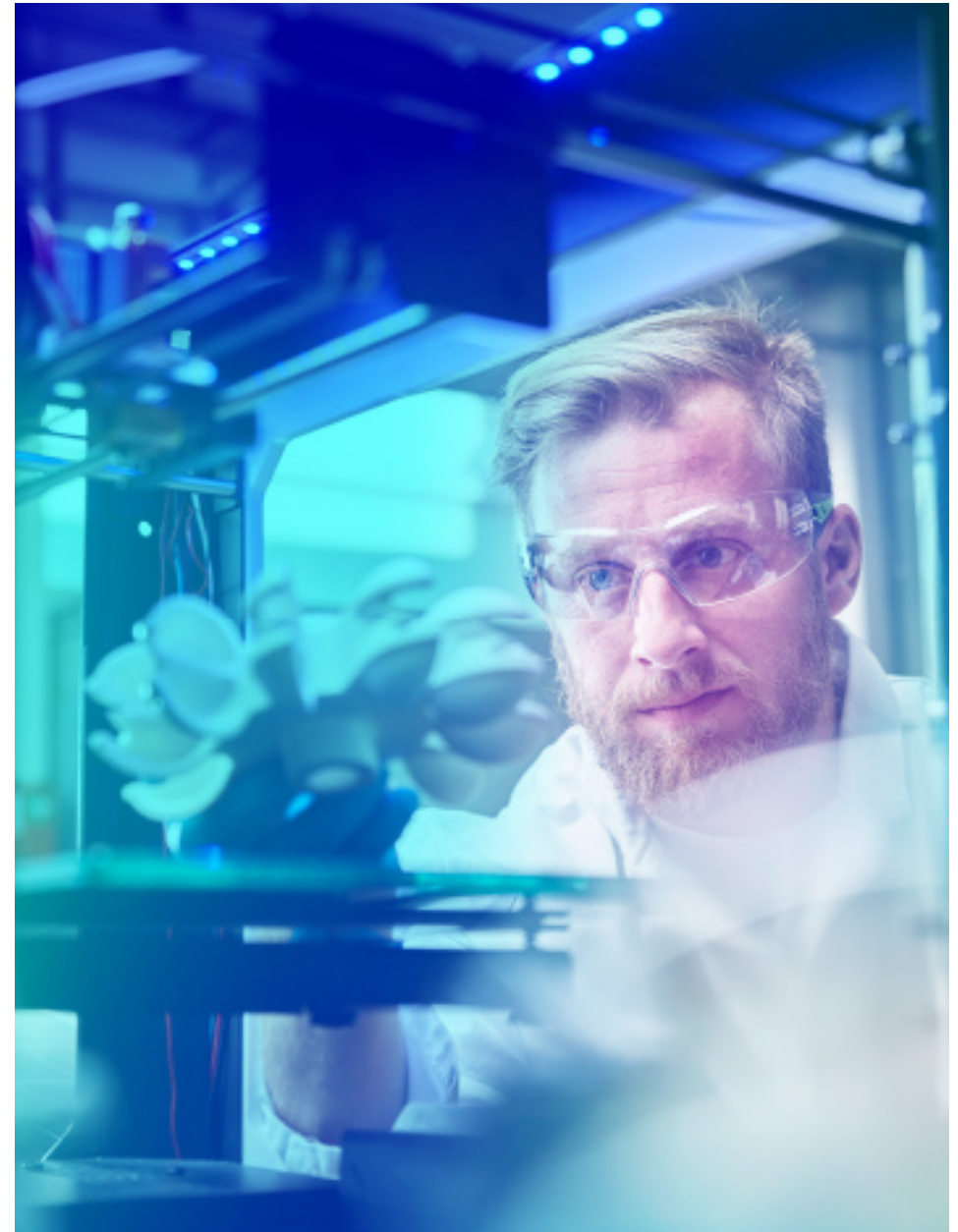
Integrate advanced technologies for optimised production processes.

The shortage of a highly-skilled workforce

A critical challenge is the widespread shortage of skilled labour affecting nearly every manufacturing sector. Structural issues and demographic shifts are at the heart of this labour crisis, with fewer younger workers entering the workforce as the baby boomer generation retires. And with many taking early retirement, combined with a declining interest in vocational training, the situation is becoming even more problematic.

In particular, the new generation of talented workers are prioritising diversity, sustainability and a sense of purpose in their careers. Their approach to work and the employer-employee relationship differs from previous norms, rejecting traditional productivity metrics.

60% of employees are seriously considering quitting for a job that better supports their wellbeing.





Opportunities for human capital revitalisation are particularly evident in large economies like France, Germany and the UK. Germany's manufacturing sector, driven by automotive, mechanical engineering, chemical and electrical industries, is dominated by SMEs with a strong focus on exports and innovation. France's manufacturing sector includes aerospace, construction, industrial products and automotive, with a focus on aerospace and energy. Meanwhile, the UK's manufacturing sector, though smaller as a percentage of GDP, has seen significant contributions from the pharmaceutical and aerospace industries, which have accelerated digital transformation to boost efficiency and resilience.

50% Human performance drives 50% more business success than physical assets.

Despite these varied economies, they all have one thing in common: a skilled and innovative workforce. Companies cannot operate or innovate without talent – and this could hold some countries back. A recent Deloitte study found that France faces the greatest difficulty filling vacant positions, followed by Romania, Italy, Turkey and Germany. Low wages, an ageing workforce and a lack of skilled labour are all fuelling this talent gap. But with the emergence of advanced robotics, automation and AI, manufacturers will need new strategies for digitalisation, innovation and talent competition to remain ahead.



Benefits of a highly skilled workforce: Solutions from Deloitte and Workday

Deloitte and Workday are helping organisations address skilled labour shortages with advanced technological solutions, driving transformative shifts in workforce management. By leveraging technology and AI, we're enhancing workplace culture, mental health support and productivity to unlock worker potential. Here are just some of the strategies on offer.

1

Creating people-centric values

Prioritise creating value for individuals, including employees, external workers, customers and community members. Shift from a legacy mindset focused on extracting value to one that prioritises human connections, driving revenue, innovation, efficiency and adaptability.

2

Using holistic people metrics over outdated productivity scores

Traditional productivity metrics are outdated. Modern approaches should view workers as unique contributors, balancing business outcomes with human sustainability for mutual benefit.

3

Building trust with responsibly managed transparency

Advanced technology offers unprecedented transparency. Responsible management of transparency can unlock human performance, while misuse can erode trust. Balance transparency and privacy to build and maintain trust.

4

Cultivating visionary human potential

Technological disruption often outpaces the ability to envision new work methods. Cultivate human capabilities like curiosity, empathy and creativity to give workers autonomy to shape their work and adapt to future roles as AI evolves.

5

Crafting digital playgrounds to explore and experiment

Safe spaces for experimentation and collaboration are essential. "Digital playgrounds" offer opportunities for innovation and rapid adaptation by curating technology intentionally and democratising experimentation.

6

Fostering diverse team environments

Embrace diverse microcultures, encouraging autonomy within different functions, geographies and teams while aligning them with overarching principles. This approach can attract and retain talent and enhance organisational agility.

7

Integrating HR

HR must transform from a specialised, isolated function into a boundaryless discipline integrated with business and community needs. Adopt new mindsets, practices, metrics and technologies, weaving HR expertise throughout the organisation to address complex challenges.

Leading the way forward: Blueprint for manufacturing

The manufacturing industry stands at a critical juncture. As detailed in this eBook, the convergence of factors such as digitalisation, sustainability imperatives and a persistent shortage of skilled labour necessitates a bold reimagining of traditional paradigms. It's within this landscape of change and opportunity that Deloitte and Workday offer a visionary perspective on the future of manufacturing worldwide.

Deloitte, a global consulting firm renowned for its expertise in strategy and transformation, and Workday, a leader in enterprise cloud applications for finance and human resources, have joined forces to illuminate a path forward for manufacturers. Together, we present a holistic vision that integrates cutting-edge technology, strategic insights and innovative practices to empower manufacturers to navigate the complexities of the modern era.

At the heart of this vision lies the recognition of the multifaceted challenges confronting the manufacturing sector. From attracting and retaining top talent amidst shifting workforce dynamics to understanding the need for agility in the face of geopolitical uncertainties, the road ahead demands a comprehensive approach.

Integrated, transformational solutions from Deloitte and Workday will enable manufacturers across the globe to thrive despite these market challenges. By embracing a vision that transcends traditional boundaries, harnesses the power of technology and puts humans at its centre, manufacturers can chart a course towards sustainable growth, resilience and leadership in the global marketplace.



TAKE ACTION:
HERE IS YOUR BLUEPRINT



Your blueprint for manufacturing

STRATEGIC SHIFT

Invest in upskilling and retraining.

WHAT AND WHY

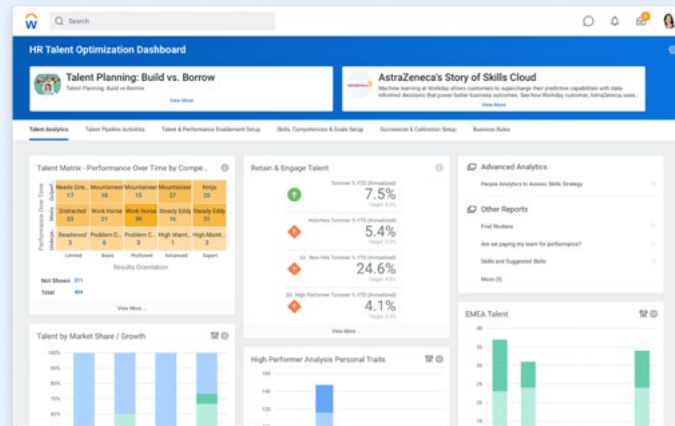
Given the rapid pace of technological advancement, continuous upskilling and retraining of existing employees is essential. Companies can offer training programmes, workshops and certifications to equip workers with the latest technical skills and knowledge. Additionally, cross-training employees in multiple roles enhances flexibility and agility within the workforce. Developing a skills platform to infer, verify and track workers' skills will address skills trends and gaps, and integrating machine learning (ML) algorithms enables personalised recommendations for employee growth to ensure workforce readiness for future demands.

"AI has a bright future with us, and Workday Skills Cloud will be an ever-evolving solution providing skills-strategy support globally."

Lynn Van Oossanen,
Senior Manager IT Solution and Transformation,
Ferring International Center S.A.

WORKDAY SOLUTION

Workday Human Capital Management integrates planning, analysis and employee lifecycle management, giving manufacturers a distinct competitive edge. Moreover, thanks to Workday Skills Cloud, manufacturers can address workers' skills shortages with analytics to identify skills gaps across the organisation, accelerate hiring with candidate skill match analysis and deliver personalised reskilling programmes to close internal talent gaps.



*Faster time
to market.*

*Improving
competitiveness.*

*Cost benefit by
utilising existing
resources.*



**Watch
the
demo!**

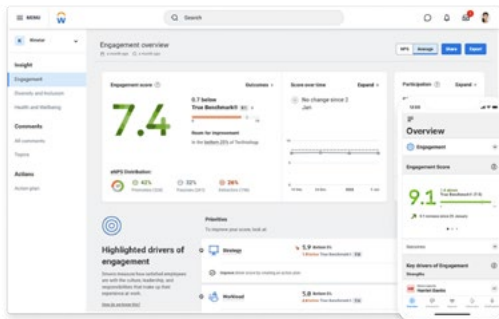
Your blueprint for manufacturing

STRATEGIC SHIFT

Embrace diversity and inclusion.

WHAT AND WHY

Promoting diversity and inclusion within the workforce enhances innovation and broadens the talent pool. Manufacturers should actively recruit individuals from underrepresented groups, including women, minorities, veterans and individuals with disabilities. This will create an inclusive workplace culture where all employees feel valued and empowered enhances retention and attracts top talent.



"Workday gives us a new lens to look at our organisation, which provokes great questions and insights, helping us make good people decisions."

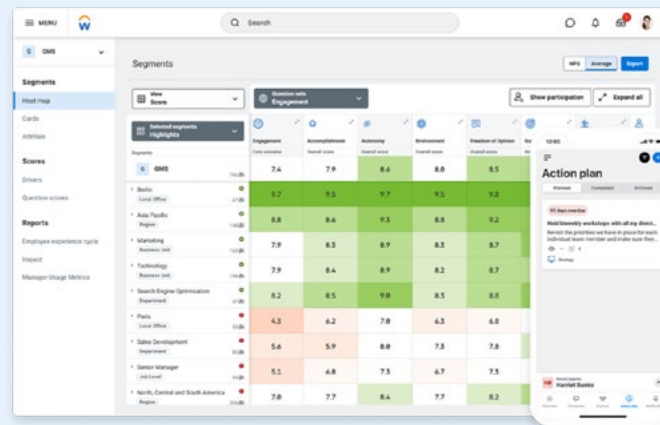
Jennifer Hornery,
Senior Vice President, Global People & Culture,
Cochlear Limited

WORKDAY SOLUTION

Workday Peakon Employee Voice offers real-time insights into employee experience areas including engagement, diversity and inclusion, transformation and health and wellbeing, all in a unified platform. It helps

leaders understand sentiment from blue and white-collar workers, and provides them with the right tools to take preventative actions to better manage turnover costs, low productivity and lack of belonging.

It also helps leaders to identify at-risk groups using state-of-the-art attrition prediction and create experiences that support employees throughout their tenure with employee lifecycle metrics to foster their growth.



*Proactive
employee
response.*

Foster operational and cultural benefits by diverse and inclusive workforce.



**Watch
the
demo!**



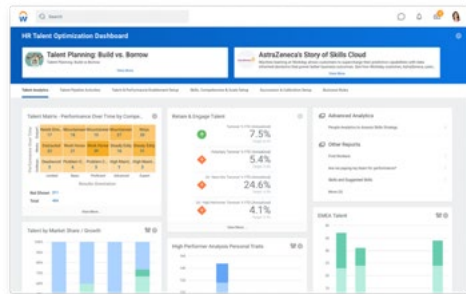
Your blueprint for manufacturing

STRATEGIC SHIFT

Leverage AI technology for talent acquisition

WHAT AND WHY

Digital tools and platforms can streamline the recruitment process from candidate sourcing to onboarding. AI-powered talent analytics can identify potential candidates based on skill sets and cultural fit, while virtual reality simulations can provide immersive experiences to assess technical capabilities. Leveraging technology not only accelerates the hiring process but also enhances the candidate experience.



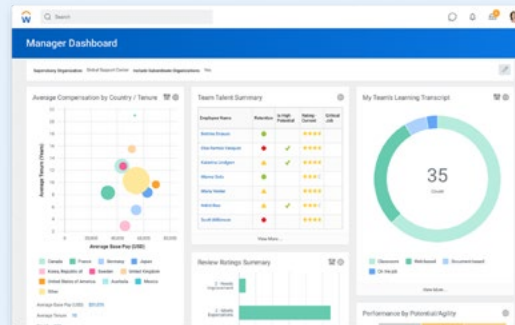
"I'm excited to see how we can use AI to elevate human capabilities as Workday continues to make HR even more intelligent."

Jennifer Hornery,
Senior Vice President, Global People & Culture,
Cochlear Limited

WORKDAY SOLUTION

Workday Recruiting simplifies talent acquisition with personalised experiences to attract top talent and support internal mobility. Workday Candidate Engagement allows teams to build customised campaigns and landing pages to create healthy pipelines. With Workday Recruiting, candidates can easily search and apply for jobs and internal talent can easily find and connect with opportunities that support their career goals.

Workday Talent Optimization enables organisations to execute with purpose to elevate their workforce and embrace a new era of talent mobility. Driven by Workday Skills Cloud, Workday Talent Optimization is a crucial puzzle piece in solving the skills challenge. It informs organisations what talent they have today and how best to buy, build or borrow for the needs of the workforce tomorrow.



Reduce recruiting process.

Secure productivity with agile staffing.

Take advantage of more than 60 billion datasets and growing.



Watch the demo!



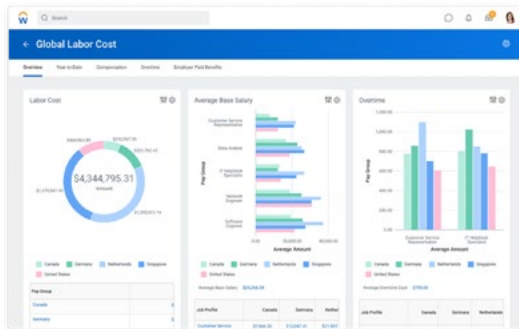
Your blueprint for manufacturing

STRATEGIC SHIFT

Introduce flexible work arrangements.

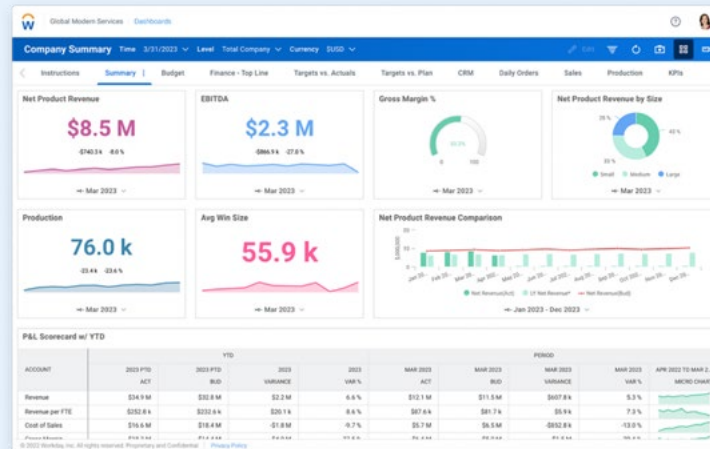
WHAT AND WHY

Strengthen operational agility with a unified data foundation from Workday, enabling quick adaptation to business and economic changes. A seamless hire-to-close process enhances efficiency across HR, payroll and finance functions, supporting overall organisational efficiency.



WORKDAY SOLUTION

Workday Workforce Management optimises the time, talent and energy of hourly and frontline workers by accelerating manager and worker productivity and efficiency with ML-driven tools. This includes automating manual tasks, tracking key operational metrics and providing audit alerts. Additionally, organisations can enhance the frontline worker experience with mobile apps to swap shifts and set schedule preferences.



Improved productivity.

Support agility in production.

Time and cost-efficient hire to close process.

“Management reporting is now just a matter of clicking a button. We have efficiencies in all areas of HR, and onerous administrative tasks are history, so we have the scope to add real value to the business.”

Inge Vergouwen-Bierkens,
Manager HR Service and Expertise,
IHC Merwede Holding B.V.



Watch the demo!



What our customers say

"With Workday, what used to take weeks or even months, and cost our 800 HR professionals a lot of effort, can be done literally in 30 seconds - sometimes as little as five seconds!"

Sarah O'Hare,
Global Head of HR,
Freudenberg

"Along with Workday and the partnership also comes the community. Making use of that is something I would definitely recommend."

Stefan Bayer,
Senior Vice President IT for
Function Services at Siemens Healthineers
Siemens Healthcare GmbH

"Only Workday offered us the technology capable of the transformational change and operational reform we needed."

Joris Blommaerts,
Chief Human Resources Officer EMEA,
Sumitomo (SHI) Cyclo Drive Germany GmbH

"Workday is our central system: if you're not in Workday, you're not with us."

Esther Schürmann,
Vice President - HR Technology & Infrastructure,
GEA Group



Conclusion

The manufacturing industry is navigating an era of profound transformation, where the convergence of digital innovation, workforce evolution and sustainability imperatives define success. Embracing these changes isn't just about survival; it's about leading the way forward with resilience and adaptability. Deloitte and Workday stand at the forefront of this journey, offering the strategic insights and technological prowess needed to shape the future of manufacturing. With a unified core solution from Workday, all your operational and strategic challenges are addressed in one platform, ensuring seamless integration across all facets of your business.

To explore how these solutions can drive your organisation's growth and sustainability, connect with Workday for a deeper conversation. The path to thriving in this new landscape begins with a single step toward innovation.

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If you'd like to explore how you can apply these principles at your organisation – and how Workday can support you, please get in touch at: industryexperts@workday.com

You can learn more at:
workday.com/en-gb/manufacturing-and-deloitte.com

The power of the Workday suite for manufacturing



Manufacturing is evolving, and so are the tools that help companies manage their workforce. Workday offers a comprehensive suite of solutions integrating Human Capital Management (HCM), financials and operations data. This guide explores how Workday can give manufacturers a competitive edge to streamline operations and drive growth.

WORKDAY FOR MANUFACTURING

Workday offers a holistic suite designed to help manufacturing companies manage their workforce and operations effectively. By integrating HCM, financials and operational data, Workday provides a unified platform for advanced analytics, planning and lifecycle management.

Key benefits

UNIFIED DATA SOURCE

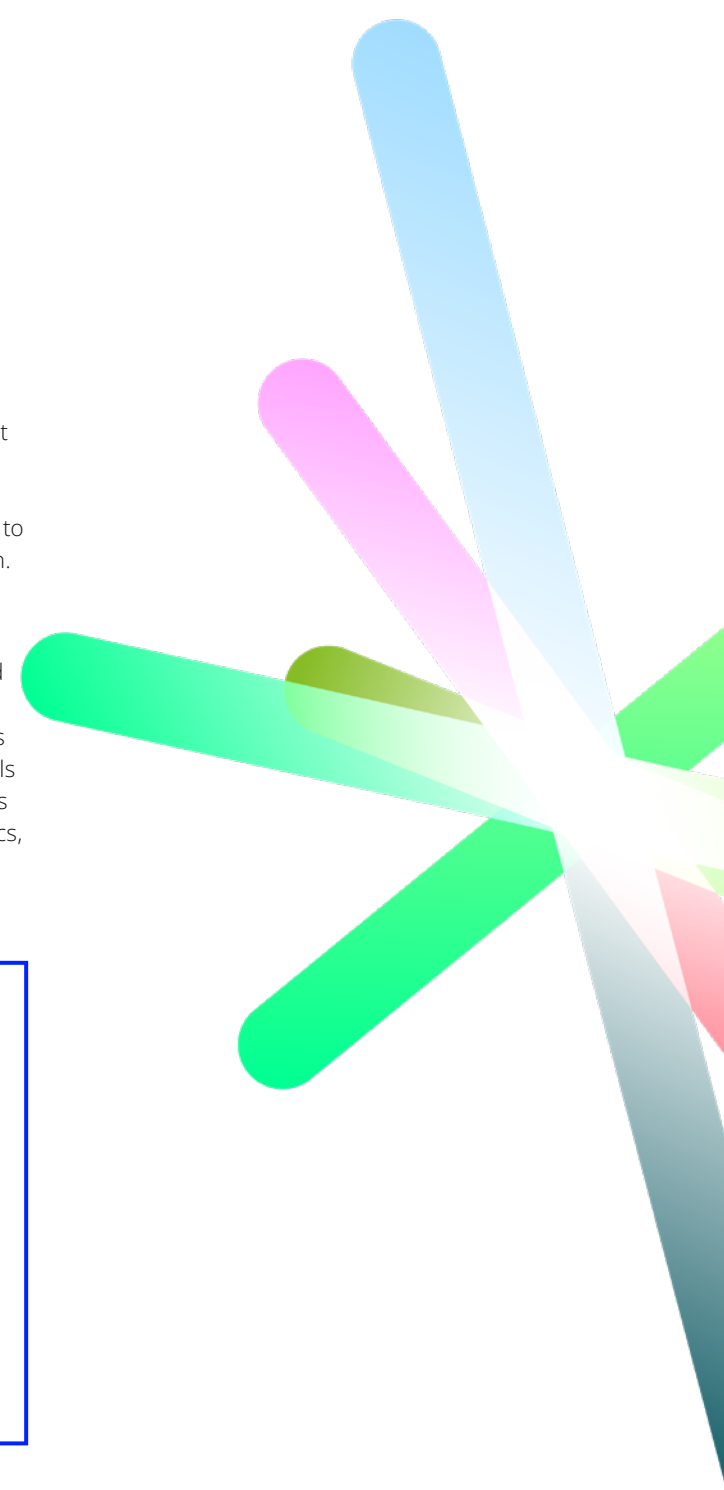
Seamless integration of data across HCM, finance and operations.

CLOUD-BASED SOLUTIONS

Access to scalable, adaptable systems.

EUROPEAN MARKET SUPPORT

Tailored solutions for European manufacturing companies.



Appendix

WORKDAY HUMAN CAPITAL MANAGEMENT (HCM)

A comprehensive HCM solution

Workday HCM supports the entire employee lifecycle from recruitment to retirement, helping manufacturers achieve HR excellence.

TALENT INSIGHTS

Advanced machine learning for skill analysis and future needs.

BOUNDARYLESS HR

One source of data for global and local operations.

SCALABLE SYSTEMS

Growth through adaptive, financial-strengthening solutions.

WORKDAY SKILLS CLOUD

Enhancing talent strategy

Workday Skills Cloud structures skills data for better talent management and workforce utilisation.

SKILLS VALIDATION

Identify and validate employee skills.

SKILLS GAP ANALYSIS

Use analytics to identify and address skills shortages.

PERSONALISED RESKILLING

Tailor development programmes for employees.

WORKDAY RECRUITING

Streamlining talent acquisition

Workday Recruiting supports high volume hiring and enhances candidate experiences.

PERSONALISED CANDIDATE EXPERIENCE

Customised campaigns and landing pages.

INTERNAL MOBILITY

Easy job search for current employees.

EFFICIENT HIRING

Advanced tools for candidate matching and engagement.

AI INNOVATIONS WITH WORKDAY

AI in action

Workday AI tools enhance efficiency and productivity in the workplace.

AUTOMATE TASKS

Suggest skills, match candidates and complete transactions.

AI FOR EFFICIENCY

Enable higher-value tasks and innovative solutions.

Appendix

STRATEGIC PLANNING AND ANALYTICS

Planning for the future

Workday offers strategic tools for planning and decision-making in manufacturing.

WORKDAY PRISM ANALYTICS

External data integration for comprehensive reporting.

WORKDAY PEOPLE ANALYTICS

Insights into workforce metrics and trends.

WORKDAY ADAPTIVE PLANNING

Real-time modelling of supply chain and growth strategies.

WORKDAY TALENT OPTIMIZATION

Executing with purpose

Workday Talent Optimization helps organisations manage and develop their talent effectively.

TALENT MANAGEMENT

Understand current talent and plan for future needs.

SKILLS CHALLENGE SOLUTION

Buy, build or borrow talent for future needs.

WORKDAY PEAKON EMPLOYEE VOICE

Understanding employee experience

Workday Peakon Employee Voice provides insights into employee engagement and microcultures.

REAL-TIME FEEDBACK

Insights into engagement, diversity and wellbeing.

ATTRITION PREDICTION

Tools to manage turnover and foster growth.

Embracing the future with Workday

Workday empowers manufacturers to streamline operations, enhance workforce management and remain competitive in a changing market. By leveraging advanced tools and analytics, manufacturers can drive growth and success.

Appendix

Key findings from Deloitte 2024 Global Human Capital Trends

60%

of employees are seriously considering quitting for a job that better supports their wellbeing.¹

HUMAN-CENTRIC FOCUS

Organisations are increasingly prioritising human-centric approaches, emphasising employee wellbeing, development and sustainability.

75%

of C-suite executives are considering quitting for better wellbeing.¹

BOUNDARYLESS WORK ENVIRONMENTS

The manufacturing industry is becoming boundaryless, making human capabilities like empathy and curiosity more critical.

30%

Organisations that focus on human sustainability see a 30% increase in productivity.²

HUMAN SUSTAINABILITY

Creating value for people enhances health, skills, employability and a sense of purpose, leading to better business outcomes.

50%

Human performance drives 50% more business success than physical assets.¹

HUMAN PERFORMANCE OVER PHYSICAL ASSETS

Human performance is now recognised as a more significant driver of business success than physical assets.

85%

of companies using AI report improved workplace culture and productivity.²

INTEGRATION OF TECHNOLOGY AND HUMAN ELEMENTS

Leveraging AI and technological advancements is essential to improving workplace culture and productivity.

¹ Deloitte: As workforce well-being dips, leaders ask: What will it take to move the needle?

² WebMD Health Services: 2024 Employee Well-Being Trends

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